



COUNCILMEMBER CARL DEMaIO

FIFTH DISTRICT
CITY OF SAN DIEGO

MEMORANDUM

DATE: June 2, 2009

TO: City Attorney Jan Goldsmith

FROM: Councilmember Carl DeMaio *Carl DeMaio*

RE: Determination of Compliance with Charter Sec. 143.1 for Pension Benefits

In light of your legal determination today that the City's municipal code erroneously and illegally included language in 1997 authorizing the creation of the Deferred Retirement Option Plan (DROP), I hereby request that your office examine any other pension and retiree health care benefits granted to city employees after the beginning of Fiscal Year 1995 to determine whether they were properly created in accordance with Charter Section 143.1.

These benefits include, but are not limited to, benefits such as the Purchase of Service Credits program, as well as wholesale benefit enhancements enacted under "Manager's Proposal 1" and "Manager's Proposal 2."

In addition to determining whether the benefits granted above comply with ratification processes outlined in the City Charter, please report to the Mayor and City Council on what would constitute the remaining legal retirement benefits package available to city employees once benefits improperly awarded over the years are removed.

I appreciate the work your office has done on the critically important issue of pension reform. Put simply, the ramifications of successfully reversing these unsustainable benefits using this mechanism cannot be understated. While your legal determination will likely be contested in the courts, if the City prevails, San Diego taxpayers will see hundreds of millions of dollars in savings.

I look forward to receiving your responses and working with your office to seek adjudication and remediation of the issues being raised regarding Section 143.1.

CC: Mayor Jerry Sanders
City Council